



PREVAILING WAGE AND PROJECT LABOR AGREEMENTS

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THE PROBLEM: State law governs what many government contractors must pay workers to get a government project, and it can also govern what kinds of workers contractors can use on that job. These restrictions often mean that large union contractors from big cities get jobs, to the detriment of smaller companies, local laborers, minority laborers, and taxpayers.

THE SOLUTION: *Let the market set wages and decide which contractors get the state's business.*

The prevailing wage is a version of the minimum wage—it sets a floor for pay. But like the minimum wage, a wage floor can actually hurt the people it's intended to help by denying employment to people who can do a job at a more competitive price. To make matters worse, making state projects more expensive also means less taxpayer money will be available for other priorities.

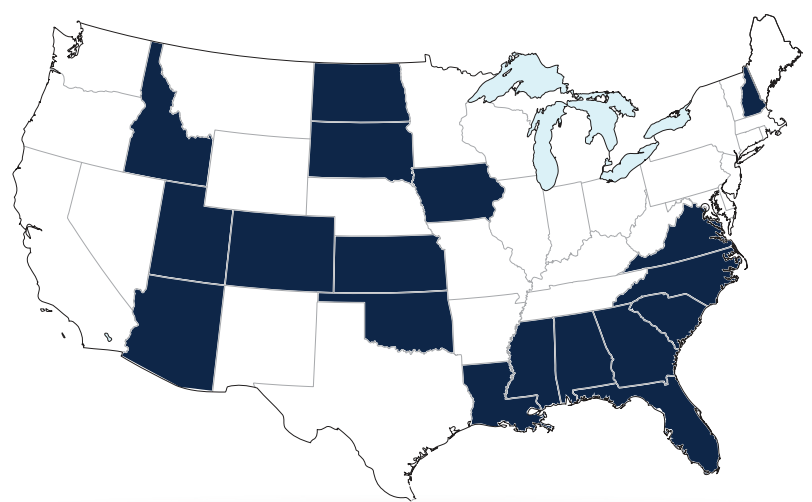
Meanwhile, project labor agreements (PLAs) set restrictions on who can and cannot participate in a project. This works to the advantage of the union firms for whom PLAs are written and structured to benefit.

Rather than dictate wages or employment, the government should focus on creating a robust jobs environment where higher wages develop organically and sustainably—without the deleterious effects of wage floors and job-killing contractor burdens—and where contractors compete on a level playing field.

WHO ELSE DOES IT? States with no prevailing wage law include Alabama, Arizona, Colorado, Florida, Georgia, Idaho, Iowa, Kansas, Louisiana, Mississippi, New Hampshire, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Utah, and Virginia.

According to Associated Builders and Contractors, an industry group, twenty-two states have passed PLA reforms “that increase competition and guarantee fair treatment

STATES WITH NO PREVAILING WAGE LAW



■ Eighteen states—including many of the fastest-growing states in the nation—have no prevailing wage law.

of all contractors and their employees on taxpayer-funded construction projects.”

THE OPPORTUNITY: Moving away from market-distorting policies like the prevailing wage and PLAs will enhance the state's ability to act as both a promoter of employment opportunities and steward of taxpayer money. It will also provide smaller contractors across the state the opportunity to compete on price with their larger competitors.

KEY POINTS

- Promotes competition among those seeking contracts for state projects.
- Helps to ensure taxpayer money is spent efficiently and effectively.
- Keeps the government's thumb off the scale in deciding whether union or non-union labor will get a project.

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